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SAVINGS AND CREDIT CO-OPERATIVES AS A MEANS OF COMMUNITY PARTICIPATION IN THE SOCIO-ECONOMIC DEVELOPMENT OF PEOPLE: THE CAMEROONIAN EXPERIENCE

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INTERNATIONAL CONFERENCE ON POPULAR PARTICIPATION IN THE RECOVERY AND DEVELOPMENT PROCESS IN AFRICA

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INTRODUCTION

The dynamism of any country's development depends on the capability of all its socio-economic forces to assume responsibility for their future and to work continually at becoming the creators rather than merely the endurers of the events that they have to live through.

The economic problems that the world is facing and which sub-Saharan African countries are experiencing have in no way spared Cameroon. The country's critical situation is deteriorating at an alarming rate. Indeed, the declining value of exports attributed to the deteriorating terms of trade has created a balance-of-payments deficit while external and domestic debts have attracted an unbearable ratio of debt servicing. The well-known inadequacy of private and direct investment flows has resulted in a significant reduction in the volume of transactions.

On the whole, the crisis has generated a decline in the financial turn-over of businesses, lay-offs and negative growth which has to be managed. It has also brought about a deterioration in the climate of confidence arising from the uncertainty of payments and the increase in economic risk premiums which are weighing heavily against the sovereignty of the country. What is more, the State's disenchantment at its unfruitful attempts to make the public sector manage affairs has resulted in resounding and very costly failures. Oversized industrial production units have been closed down either because the equipment was out of date or the technology unsuited to local conditions and was in any case highly expensive, among other things. Those plants have made financial losses and many subsidized parastatals which were social- rather than business-oriented have performed badly.

Until fairly recently and three decades after achieving independence, the development of Cameroon (a country of about 10 million people, 63 per cent of them rural, with an urban growth rate of 6 per cent per year and an economy in which agriculture accounts for 70 per cent of GDP) was virtually the preserve of the Government which was helped by petroleum revenue accruing from the major oil boom of the 1970s and especially, export earnings from such cash crops as coffee, cocoa, cotton, hévea, and timber not to mention indirect and compulsory savings accumulated through taxes and various customs duties.

Given the poor economic performance nation-wide, the need was felt for a greater variety of production sectors to contribute to the restructuring of the national economy. It was urgent that this be done resolutely and dynamically. Therefore, as the State withdraws from the management of economic and social services and restrictive accompanying measures to structural adjustment policies are imposed directly and indirectly on the people, they are mobilizing themselves actively in order to survive. The ingenious, innovative and industrious efforts being made by rural folk and by people working in the urban informal sector attest to such mobilization.

Whatever be the case, the virtually widespread discomfiture of several banking institutions of the country only goes to intensify the mistrust and skepticism in which the policy measures relating to these financial institutions are held. More than in the past, people are hesitating to entrust their savings

to those institutions. The fact is that currently in Cameroon, the modern financing system has been brought to a standstill. This refers to development banks such as the Banque camerounaise de développement (BCD), the Fonds national de développement rural (FONADER) and the Fonds de garantie à la petite entreprise (FOGAPE) ... which have been sidetracked from their essential mission of assisting farmers and small- and medium-scale enterprises and are now lending to the well-off households in the major towns and to civil servants. All these banks have virtually ceased to function as lenders. Deposit banks that are branches of old European banks are well-versed in purely commercial transactions. They simultaneously function as lenders through letters of credit and their deposit structure shows the relative weakness of long-term deposits which are perceived as unrepresentative of the actual worth of the currency (see LELART, 1985, p. 61). They therefore prefer to finance short-term loans through sight deposits and this is the reason for their high interest rate. What is more, only those cash crop export and semi-finished product import activities meant for manufacture in import-substitution benefit from such support. Currently, the commercial banks have far too many bad risks to run. Their refinancing difficulties seem to be solved only with the injection of private funds. This means that their recovery is fairly compromised. With the effort to make them financially sound and to rehabilitate certain businesses, some of these financial institutions are already going under at an alarming rate.

Therefore, popular participation in socio-economic development through savings and mutual loan co-operatives such as the Caisses populaires (CP) and tontines are manifesting themselves as an expression of the process of broad economic democratization open to various production groups operating in the formal and the informal sector. These non-governmental associations, together with all the small craft guilds in the slums, in a word all those people through whose efforts the country currently survives, have proven that theirs is the only scheme that is workable. The collective responsibility to be assumed in order to bring Cameroon out of the impasse is to bring every able-bodied and enterprising person to commit themselves to the challenge of developing the country so that all the social strata would be educated on the ultimate need to make their contribution to the effort in a manner commensurate with their ingeniousity, availability and creativity brought to bear in implementing strategies that should be properly co-ordinated.

All the same, it would be worth recalling that popular participation in a financial sense does not play a substantive role when compared with State power because it obviously appears to be insignificant when the small projects it can generate for national development are considered. And yet, the State cannot easily allow groups of people over which it exerts no pressure to escape its control in carrying out large-scale activities. The establishment of the Banque unie du crédit (BUC) in 1975 is a case in point. People made individual monthly contributions of about CFAF 7 million according to HAGGBLADE (1978) 1/ within the framework of a savings association now defunct. Also, even those individuals capable and desirous of promoting major projects can be prevented by the lack of democracy in how national social structures operate and this curiously, in spite of the goodwill elsewhere expressed in public statements. For this reason people might refuse and fear to participate in the mobilization of substantial private sector savings and when there is no massive savings and no intensive

capital formation to be reinvested in a country, it may be wondered how that country will fully develop in a genuine way.

Right from the outset, therefore, the constraints and limitations of popular participation (commendable as it may be) will need to be defined. For the working masses, this is an important undertaking which would enable Cameroon to face the rest of the world. If the process becomes a practically residual operation because it has negligible and hardly quantifiable impact then no purpose is served. Africa in general and Cameroon in particular would seem to have become increasingly marginalized because African manufactures have no place in the world economy. Even their natural resources and tremendous wealth in minerals currently count for little because the financial value of money has greatly diminished while the cost of such services as research and development in terms of consultancy, advertisement and other product promotional activities, in brief, all those factors of the product environment which guarantee it considerable added value, remain completely outside our control as we trail the rest of the world. The current economic game in high-level technology, research and study has left Africa far behind and without a say in these areas that will determine the future. At the same time, all those sectors in which African countries have invested heavily (raw materials for example) are experiencing falling prices on the world market and an enormous gap in terms of the manufactured products made out of them and which African countries have to buy at higher cost.

1. At the political level, Africa has not been able to lead the debate of ideas which should bring about comprehensive solutions to the crisis situation because it lacks organized structures. Once an operation has been carried through, it fails to be linked to a whole set of others which are equally necessary if the results achieved are to be lasting and realistic. This is Africa's development challenge and the solutions advocated could do with constant monitoring by commissions set up to assess how much ground has been covered and what remains to be done.

2. With regard to the mobilization of informal savings to finance low productivity operations and the unsuited nature of traditional banking to address local situations, the allocation of personal loans and credits under risk control conditions for purposes of genuine development for the majority of citizens as actors and beneficiaries poses a problem because the strategies and machinery that would be required have yet to be formulated. To date, statistics have hardly been able to evaluate the scope of such informal savings in spite of the many studies conducted. It is therefore recommended that:

(a) Administrative structures should be reformed with a view to setting up democratic rules of the game for everybody. In this way, along with small village and community low-income projects, private people commanding more substantial capital can freely and actively promote development as one harmonious and well structured endeavour which brings two currents to a point of convergence. The high-performance small-scale units set up by the majority of the active population would be transformed into intensive production units under proper control and this would benefit the entire population at various levels;

(b) All initiatives taken in aid of socio-economic development should be encouraged through a range of incentives that the State would institute with a view to becoming a facilitator of private sector activities with particular reference to small- and medium-scale enterprises at the same time as the State relaxes its control over production and distribution. Manpower, which is another important wealth of nations, should be allowed to develop within an environment where its performance as an essential agent of development is given back its proper value;

(c) All the structures for financing operations should be assessed in order to determine which mechanisms and modules best promote access to credit for various development agents. Efforts to place the banking system on a sound footing and to strengthen it the better to serve as an investment institution participating as a partner in risk-free ventures should be pursued so that, within the medium term, a positive growth rate can be achieved. At the same time, thinking should be brought to bear on the various mechanisms and modules of a financial brokerage system that suits the Cameroonian environment and takes into account all the informal savings already mobilized while avoiding over-regulation and expecting that, with time, more appropriate solutions will emerge.

A. Savings and credit co-operatives or people's banks

In Cameroon, these institutions operate in various ways and appear to be the best way to date of securing community participation in the socio-economic development of the people. In this category can be found people's banks or groupings of various co-operatives that have been formed from grass-roots communities and tontines that are diverse in their collection and lending networks. More recently, the community savings and investment fund (CCEI) has emerged on the scene to provide investment banking services that the traditional deposit banks have failed to provide to date. The clientele of the deposit banks excludes a majority of local prospects comprising small- and medium-scale industries and enterprises because nationally, at the micro-economic level, bank lending is based on a concept of risk which is inappropriate to the environment. The banks finance the capital needs of a minority of civil servants or individuals in the private sector who have immovable property (land title deeds or buildings) that can be mortgaged or used as collateral in the sense that risks should be compensated for by genuine guarantees 'that often do not exist or are far less in real value).

Moreover, many of the administrative costs involved in opening loan files encumber the process of assessing the brokerage costs particularly when the loans requested are small in amount because they are meant for financing current expenditure in the consumption of durable goods or, in other cases, to pay for food or schooling. What happens, in fact, is that such customers are provided a low-cost service in terms of brokerage but for which they end up paying (according to BOTTOMLEY in 1975) &/ a price that is very high when compared to the performance achieved for similar volumes of lending granted by informal institutions.

Because of all these difficulties which impede, frustrate and dissatisfy various segments of society in their dealings with the major financial institutions, people have strengthened their informal associations which are more

easily accessible and flexible community savings structures. Obviously here, the volume of deposits depends on that of income and property in addition to which there is the personal dimension of working relationships.

Several types of savings and credit co-operatives have performed creditably. Some of them are reserved to an exclusive category of membership (slum women, farmers, peasants, craftsmen and youth co-operatives like that of Nylon). Some of the co-operatives have a membership belonging to a specific group which may be a village, trade union, professional association like that of the traders of Nylon, cab drivers and carters. The co-operatives may mobilize capital through specific methods either by payment of a lump sum (people's bank) or by regular deposit (mutual credit association) or yet again, through the subsidies of such development agencies as local NGOs formed by grass-roots people and the majority of whose loans go for the purchase of equipment and goods and for trading activities.

There are also two significant networks, namely:

(a) People's banks which operate in very unequal fashion and are grouped in one national league administratively. The case of the Nylon People's Bank (CPN) in Douala will be considered in some depth as a successful example of peoples participation in socio-economic development;

(b) Next will be tontines and their many variants: revolving fund or credit savings plan and rotary credit/savings associations.

The role of CPN and its socio-economic contribution as an example of popular participation in development

The pilot project of the Nylon Peoples Bank started off with the broad education of members on the concept of regular savings contributions of a nominal amount of CFAF 2,000. Such a savings co-operative was set up in 1975 and like all the others established in Cameroon, operates under legislative act No.73/15 dated 7 December 1979. Administratively, it comes under the co-operatives and mutual assistance department of the Ministry of Agriculture. In fact, however, it seems to be operating very autonomously and has currently been well-controlled internally over the last three years. It was born out of the free association of people wanting to pool their savings however meagre, in an initially under-privileged and very poor area of the town of Douala. The objective was to grant members, upon request, loans that would enable them to produce, hedge themselves against accidents and to secure housing. It would be proper to recall that as the economic capital of Cameroon, Douala attracts many migrants from within the country who live the countryside and whose basic concern is to secure housing. This simple exercise is all the more difficult at a time when the economic recession has further reduced the prospects.

According to the statements of Sister Marie Koumi, the project management authority and leader, CPN enjoys the highest credibility in Douala and operates under the co-operative principles of freedom to join and to resign as a member, democratic management (one man, one vote), limited interest rates on savings and proportional distribution of any surplus or dividends. Any grass-roots associations seeking housing loans could become members as could youth and

traders co-operatives of the "Madagascar market", craftsmen, scrap iron dealers, embroiderers, schools, parents associations and sporting clubs. Membership may be in an individual or collective capacity. CPN provides various savings and credit services:

(a) Housing loans for building or renovation by helping with the purchase of a plot of land or the building and enhancement of individual houses;

(b) Education grant loans to help individuals prepare for the reopening of school for their children through a savings plan which may be structured for individuals or for parents associations;

(c) Starting capital loans given through CPN assistance to young people going into business. This may take the form of start-up loans with support and assistance from the Nylon Youth Co-operative;

(d) Support to young traders and craftsmen by underwriting loans that members of a co-operative secure from financial and banking institutions. Tiding-over loans may be granted in order to sustain operating funds at the same time as assistance with procurement and supply management is provided.

It should be pointed out that because all these people do not have solid guarantees or regular income, they would never have hoped to secure the smallest loan from a traditional bank. In contrast, this system makes for the allocation of loans to people organized in grass-roots associations of 25 to 100 persons who meet every week. The group provides a structure from which savings can be mobilized because each member brings in a contribution. In practice, loan applications are prepared by each group and submitted to the housing committee which evaluates the seriousness of the group. The people's bank then decides whether or not to grant the loan which the group, as a whole, guarantees to repay. It would be worth singling out the crucial factor that accounts for success of the system. The corner-stone of any structure which brings group pressure to bear on the individual is the sanction of excommunication should one fail to play the game by the rules.

As for the Nylon Youth Co-operative, CPN works closely with it in order to ensure that young people are integrated or reintegrated into social and economic life. This is done by supporting those initiatives that promote the mobilization of their savings into productive ventures and ensuring that their future financial capabilities are strengthened in order to enable them to expand their operations.

SOCIO ECONOMIC DEVELOPMENT THROUGH PEOPLE'S BANKS

The headquarters of the League of Co-operative People's Banks in Cameroon is located in Bamenda. The League had the following statistics:

Year end	1969	1971	1980	1984	1985	1987	19--
Membership	4,000	14,000	41,197	53,016	58,604	62,476	70,---
Savings in CFAF millions	16	892,33	82,338	5,328	6,493	8,866	10,---
Lending in CFAF millions	10	501,626	1,626	3,677	4,584	6,369	7,---

Source: National League of CPC, Bamenda, 1988.

The above figures show the overall situation of all the CPCs currently existing in five of Cameroon's 10 provinces. Since CPC operations vary from one structure to another, some of them seem to be functioning very well and are generally located in the North-western province where the relevance of co-operative credit unions is based on a favourable cultural heritage which has nurtured them to fruition and growth and raised the standing of the CPN in Douala. The figures did not show loan repayment rates which would have made it possible to quantify the degree of satisfaction with services rendered. Nevertheless, the conditions for the success of these operating CPCs demonstrate that development cannot be merely led by the State or directed by appointed bureaucrats without in some way involving the beneficiaries. The fact is that the savings of all members should be invested in the economy in such a way as will satisfy their choice and need for autonomy.

The mobilized capital of small-savers (CFAF 10 million in 1988) could contribute in no small measure to some of the invenstment that national economies need. What is more, the basic principle which universally governs such people's banks is hinged on the concept of co-operation and its key values of equality, equity or social justice and mutual assistance with the objective of human development in brotherhood. It is also true that mankind is the most important agent for development, innovation and change.

Indeed, among the savings and credit co-operatives or people's banks, those which are operating well have certainly demonstrated their capability and potential for making substantial changes in the social and economic life of millions of Cameroonians. By eliminating financial middlemen, they have made it possible to mobilize substantial volumes of personal savings which are redistributed in small loans that make it possible to attain productive and relevant goals of the community. The members have, in this way, been able to set up new businesses or to expand those already existing. Small farmers have been able to procure improved seeds or fertilizer, petty traders have been able to increase or to replenish their stock while small-scale workers have been able to buy new equipment.

It is gratifying to note that, through the people's banks, member families have been able to receive funds that have enabled them to solve their health, educational, housing and other problems. The social impact of being able to meet such basic needs has been tremendous for these people.

Furthermore, the concern of the CPC is to provide the members of peoples banks with trainer training so that they can in turn train a greater number of people and secure in this manner, a transfer of the credit supply know-how and techniques they received at seminars and workshops organized to train them in management skills. Under the slogan of strength in unity, savers (who are also potential borrowers) are being trained to set up successful, well-managed businesses. The work of the people's banks is defined not in terms of profit but rather in terms of services rendered to members who borrow at a monthly rate of 1 per cent.

The people's bank also acts as a co-operative which provides a place to save and deposit regular savings that are managed independently in village and other communities. Once the interest has been collected, the surplus is distributed to members in the form of a 6 per cent per year rate of dividend. Obviously, the money collected is deposited in a commercial bank while leaving the people's bank a liquidity ratio of 25 per cent in ready money.

The League of People's Banks has instituted a loan insurance scheme which frees any member who dies, from debt. There is also a risk-management programme for repaying loans on which data are regrettably lacking. This goes to show what deficiencies exist with regard to securing access to such an important element for evaluation. It leaves rooms to suppose that benevolence has its shortcomings and that, worse still, the money saved and lent does not enter the circuit of a productive financial market.

POLITICAL ECONOMY OF SAVINGS AND CREDIT CO-OPERATIVES

In general, this is defined as a system in which all the component parts endeavour to work together at sustaining the welfare of each member. In fact, the vital importance of savings is a key element of the people's bank system which makes members to pool their own capital through savings, in contrast to what happens with a traditional bank.

Savings represent a financial hedge of security against personal emergencies which take the form of medical or financial crises. It makes for greater independence and freedom of choice and action since the deference of the use of funds immediately makes it possible to use it later for other options. In this case, the decision making is not hastily compelled by an urgent economic necessity. Through savings, constructive activities which make a difference in the lives of individuals, families or societies become possible both for citizens and for the country.

Without resources accruing from savings, the risking various options in order to improve the quality of life or to dispose of surplus resources for investment in new undertakings such as the aquisition of new selected seeds at Sanguere in the Northern Cameroonian region of Bénoué (to be tried during the next farming cycle) could hardly have been possible. Nor could an extra sewing machine have been bought to make better dresses to sell. Such new equipment was needed to improve agricultural production and the distribution of produce through vehicles that provided access to new markets. It could also not have been otherwise possible to secure better education to change-life styles. What is more, savings become productive, that is to say of service to others and the

community when brought out of their traditional hiding places (under the mattress or behind the brick wall) and injected into the economic life of the community. Through such monetization, the mobilized savings which would have remained unproductive with certain members of a given community are put to use in financing the needs of others. This generates interest through the dividends payable on deposits, promotes investment and improves the living conditions of people's bank members and their families since a country develops faster when it depends first and foremost on the mobilization of local savings.

The peoples banking system can therefore stem the syphoning of rural resources or funds from less economically active areas to the principal towns or monetary centres of the country. When the peoples bank operates properly, this could contribute to improving the quality of life in those areas and slowing down, if not actually reducing, rural-urban drift.

B. TONTINES

It is generally acknowledged that the tontine movement which has been observed in various societies of Asia, North America, South America, Africa and Europe goes back a long way and has identical ways of operating throughout the world. Whether of Chinese, Philippine, Bamiléké, Bafia or other origin, there are few distinctions in form and history confirms that the Savings Loan Associations, the Caisse populaire canadienne referred to as "Des Jardins" are nothing but outcomes of the evolution of initially mutual credit and assistance movements.

The tontine and development promotion

In fact, with regard to formal credit systems such as the banks and other financial agents, one notices many informal groups such as non-profit-making family associations called tontines which are neither corporate nor legal bodies, given to savings collection and simultaneously to unofficial lending activities accepted by the Cameroonian Government.

This unorganized financial market, as U.Tun Wai called it (1977), 3/ existed before the establishment of commercial banks and other types of public credit institutions. Certain speculators have even remarked that official banks would collapse should their usual tontine associations decide to withdraw their bank deposits, as unofficial credit associations keep the savings of millions of country and city dwellers in Cameroon, Central and West Africa (Bouman, 1977). 4/

The financial adjustments carried out by these associations seem to be in order, contrary to the theories of Kumar (1983) 5/ who, although noting the importance of adjustments in the financing of economic activities, does not include them in his representation of the financial aspect of the growth models proposed to least developed countries.

In truth, informal savings play a major role in the economic development process in Africa, for it is mainly a system used for economic solidarity aimed at mutual assistance (Lelart, 1985, pp. 60-64). 6/

The principle of solidarity among participants

The informal savings/credit market appears to be an instrument of social integration, as membership of a mutual credit association brings together households of the same ethnic group, irrespective of differences in levels of contributions received. The educative objective of these meetings are explained by the learning about savings which becomes easier when practised collectively, better organized, and when it raises, a priori, the confidence of members who are often from the same clan, ethnic or professional group. Also, savings and credit associations are forums for economic discussions, sources of information on social life (Desroche, 1983, page 32) 6/ and more generally an instrument of social control (Keo, 1985, pp. 17-18). 8/

Thus, by integrating persons both economically and socially, tontines help to reduce the social inadequacies of certain individuals in a community, thereby serving as a determinant factor of structural and functional cohesion in the society, that is, it is an instrument of social control.

The economic destination of informal savings/credit flows

Savings and credit flows from tontines are used for financing production as well as final demand. The aspects of production activities financed include agricultural equipment, land and livestock, both for families and private enterprises and for craft guilds . In the rural areas, current production financing covers such operational costs as that of seeds, while in the urban area it covers wage and tax payments.

In Cameroon, the growth of the domestic distribution trade depends on resources from tontines (Toumi, 1987). 9/ Informal lending funds are increasingly needed more in the urban areas than in the countryside (Mirage et al, 1980). 10/ However, the wide range of non-rural activities financed by such savings include the construction of roads in built-up areas, classrooms, clinics and the establishment of small- and medium-scale enterprises (SMEs) in towns. As for demand financing, the numeric data in Cameroon, are limited in quantity and apart from the financing of new houses, child education received more funds than current consumption even of durable goods and prestige ceremonies such as payments for dowry, wedding or funerals. All this has led the local agents to improve their attitudes towards informal savings resulting in the rapid proliferation of such associations in Cameroon.

Types of credit collection networks

There are two types of credit associations:

1. Mutual tontines

These are associations based on co-operation at the family, professional, clan and ethnic level for the purpose of mutual assistance and economic solidarity. The allocation of the contributions from each of the members (about 50 in all) to one of them, at a time, is made in turns following the established cycle. An additional fund is set aside as security. The regular collective accumulation of savings supersedes individual savings in importance. Such credit associations are generally common among women.

How women's credit associations function

These are diversified and vary in accordance with financing needs such as children's school fees, purchase of cooking utensils and other domestic articles, house-building and establishment of a business.

Furthermore, the irregularity of womens' income, especially in the rural areas, affects their net savings and forces them to adopt a diversified strategy for obtaining loans by forming strong solidarity and mutual associations not based on loan bidding or on saving deposits at given regular intervals. Individual contributions are held up for a long period; they are gathered together during each round and lent to a beneficiary following a pre-established order. Thus, the first recipient gets an interest-free loan and the last, savings with interest. In between, the other participants take turns becoming debtors and creditors, with an interest rate ranging from 5 to 10 per cent. At the end of the year, dividends accruing from the interests of all the members, based on the volume of individual contributions and taking into account the dates of payment and the contributions themselves, are repaid to the depositors. These associations which are exclusively composed of women provide a variety of funding sources. Nevertheless, because the proportion of women heads of family is much higher in rural areas and about 50 per cent in urban centres, their family responsibility is heavier.

Furthermore, there is a paradox between the central role of women in production and the poor income received from their activities. In urban centres in Cameroon, the female labour force is concentrated mainly in the service sector, involving distribution of primary agricultural and general food products, as well as in small family businesses or restaurants, hair-dressing salon and beauty product SMEs. All these activities face stiff competition from formal enterprises normally controlled by men and, in addition, suffer from customer instability. This situation reduces considerably their ability to expand and their efforts to increase their participation in and contribution to informal enterprises, resulting in their switching over to form solidarity unions to raise funds and acquire equipment through tontines organized as schemes for lending and assistance. Such credit associations bring together millions of country and urban dwellers resulting in a mix-up of the various social classes.

In short, the funds obtained by women from solidarity institutions should be considered an important means of mobilizing peoples' savings with a view to integrating the informal network into the formal sector.

II. FINANCIAL TONTINES

This is made up of businessmen and businesswomen, traders, wage earners and executives of enterprises operating more strictly in consonance with the principles of simple and compound interest loans. In fact, the interests received on funds loaned are shared at the end of each cycle in small and large portions or in a single bulk allocation. Interests yielded by the capital are immediately deducted and the capital re-offered for bidding and decision. Depending on the size of the interests, profits may be freely shared.

The association is composed of people from the same area, that is, of the same administrative district or members with about the same status who must be well-off, respected heads of family who should be sponsored or should provide a co-maker that can repay the loan in case of non-payment of the borrowed capital plus interest. The loan is short term, generally one to three months, and is to be used for productive projects: the borrower is required to state its purpose. It has a triple advantage over that from the traditional banks in that the real sums received are more; participants can receive substantial short-term loans often meant for clearing containerized goods through the customs at the port or for purchasing a fleet of utility vehicles or still, as private capital for starting a business or trade-all of which are so many activities that contribute to development. Furthermore, members of tontines are encouraged to continuously increase their deposits since they will not only recover their savings but will also earn a wider range of interests than they would from official savings banks. Therefore, such membership not only secures benefits on the savings of depositors, enabling them to cover huge costs, but more especially makes for financing productive investments in areas such as real estate, trade and distribution, hotel business, services or industry (this latter, however, being less frequent). These tontines provide for a quick mobilization of savings with practically no financial brokerage costs. Its scope can be measured in terms of the fact that a large number of financial needs involving all types of businesses are covered.

III. POLITICAL ECONOMY OF THE TONTINES AND RELATIVE INEFFICIENCY OF TRADITIONAL BANKING

The role of financial brokerage in economic development has exercised the minds of authors such as Tchudjang Pouemi who wrote on the subject in 1980. 11/ In the case of Cameroon, the essential observation made on analyzing that role is the strong correlation often established between the dualism of the production system and the scarcity of lendable funds. The issue provides food for thought. If informal interest rates very often seem to be prohibitive, can they provide an efficient mode of financing and if the timing and spacing of an industrial activity are incompatible with lending operations which extend over three months at the maximum, given the fact that interests are immediately deducted from sales, does this substantially reduce the scope of the exercise? Finally, do tontines generate a substantial money supply enough to support development on a regular rather than on an ad hoc basis? What is the current capacity of tontines to mobilize savings and what is the most appropriate system of socio-economic development financing that would be people-sustained? Would this be the banks, the tontines or the people's savings and credit banks? Many studies have been conducted on this issue by institutions such as the African Development

Bank and the United Nations Development Fund for Women. No solutions have yet been found but an analysis of the situation opens the following debate.

The exercises conducted in order to restructure and place the traditional banking sector on a sound rooting are significant indicators of the malaise and instability they experience in terms of the relationship between financial savings (essentially more of a question of liquidity than one of quasi-money going by the definition of savings assets considered) and interest rates.

The informal sector which finances all sorts of activities, both systemic and underground, for a given rate of interest, drains the savings of millions of households and other economic agents while traditional financiers depend on this same informal sector for their deposits. The banks are not adapted to the local context, as they can not see how risk-controlled individual loans can be offered to increase deposits. The result is competition in savings collection and complementarity and specialization in terms of credit allocation, a phenomenon which today characterizes the dualist financial system in Cameroon.

IV. A STRATEGY FOR ENDOGENOUS SOCIO-ECONOMIC DEVELOPMENT

Unstable borrowing costs have a double impact in that they affect business financing and also make it more difficult for financial brokers to come together. On the other hand, the integration of informal savings is one of the most enabling strategies for pursuing autonomous economic development.

Recent trends in interest rate have placed Africa in the ranks of regions with the highest informal borrowing costs. According to WONG (1977), 12/ the costs are up to 60 per cent in rural areas. Even occasional borrowing is very expensive in Africa with 100 per cent interest rates being charged on the average by solitary or usurious lenders. Furthermore, even though informal financing promotes business dynamism in the informal sector (NGAN NGAN, page 63), 13/ the inherent investment difficulties at the general economic level can not be over emphasized. The informal lending market is characterized by the fragmentation of loan money supply into a host of associations not always pursuing a common goal and usually operating in isolation (MacKinnon, 1973). 14/ Nevertheless, the vital role of the informal associations in development financing is indisputable. Due to the substantial decentralization of the market, especially the infinitesimal volumes of money supply, it is difficult to co-ordinate plans for lending to remunerative ventures that could promote investment. Despite low unit production costs, entrepreneurs only manage to make net surplus savings.

Informal savings appear to be increasingly involved in financing low-productivity activities such as trade and distribution, where surpluses are invested in imports and seldom in industrial production.

Having noticed the crucial role of the informal sector in savings collection, institutional means of involving it actively in real economic activities should be sought. All the same, its continued role among the communities that established it should be maintained.

Finally, there is the need for a new legislation on savings, which should specify the legal status of all savings/credit associations, with a view to creating a system of financial brokerage that would be truly suited to the needs of the developing Cameroonian economy. This would lead to greater participation of the people in the community.

FOOTNOTES

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